

Message Text

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PAGE 01 STATE 104251

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----- 111185

P 301802Z APR 76

FM SECSTATE WASHDC

TO AMEMBASSY CONAKRY PRIORITY

C O N F I D E N T I A L STATE 104251

STADIS////////////////////////////////

E.O. 11652: GDS

TAGS: EAD, PFOR, GV

SUBJECT: GUINEA PL 480 TITLE I - RESPONSE TO DRAME

DELEGATION: OPTIONS

REFS: A. CONAKRY 822; B.STATE 103437 C. CONAKRY 851

1. REFTELS A AND B INDICATE THAT SCENARIO YOU FORESAW IS PROCEEDING AS PREDICTED. GUINEANS ARE UPSET BY WHAT THEY CHOOSE TO REGARD AS A REDUCTION IN THE LEVEL OF OUR PL 480 ASSISTANCE, HAVE MADE THE CONNECTION BETWEEN INCREASED RUSSIAN ACTIVITY IN CONAKRY AND OUR REFUSAL TO PROVIDE MORE THAN DOLS 5.5 MILLION IN COMMODITIES AND HAVE SENT MISSION, ALBEIT AT LOWER LEVEL THAN LAST YEAR, TO WASHINGTON TO EXPLORE POSSIBILITIES OF ADDITIONAL AID. AS NOTED REF B WE HAVE TAKEN EXTREMELY NEGATIVE POSITION WITH REGARD TO GUINEAN REQUEST BUT HAVE NOT RPT NOT DEFINITELY REJECTED THEIR REQUESTS PENDING A FINAL
CONFIDENTIAL

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PAGE 02 STATE 104251

REVIEW BY US OF THE SITUATION WITH YOU.

2. IN BRIEF, IT APPEARS TO US THAT THE GUINEAN FOOD SITUATION, ALTHOUGH SERIOUS, IS NOT DESPERATE. IF THEIR FIGURES, WHICH Drame recited without reference to notes in final session with us April 27, are to be believed us FY 76 PL 480 assistance will cover about one half their

foreseeable rice requirements for the remainder of the calendar year. Although they cannot expect to receive Chinese rice (REF C) they have not yet applied to the European Community for assistance. Their balance of payments is in better shape than at any time in the past five years, although as noted REF B they have declined to cite specific figures. Finally, their efforts to disabuse us of any idea that they would allow the Russians to establish a "permanent base" in Guinea indicate they are aware of our concerns about increased Soviet activities. Under the circumstances the options open to us appear to be the following:

A. MAKE NO CHANGE IN CURRENT PROGRAM. WE WOULD INFORM THE GOG, THROUGH EMBASSY CONAKRY AND IN WASHINGTON, THAT AFTER A CAREFUL EXAMINATION OF THE INFORMATION PRESENTED BY THE Drame DELEGATION, AND AFTER DETAILED REVIEW OF OUR POSITION WITHIN THE USG, WE ARE NOT RPT NOT ABLE TO ACCEDE TO THE GOG REQUEST FOR INCREASED PL 480 TITLE I ALLOCATION. THIS LINE HAS THE MERITS OF BEING FULLY CONSISTENT WITH OUR POSITION TO DATE AND WOULD REINFORCE SERIOUSNESS WITH WHICH WE VIEW INCREASED SOVIET ACTIVITIES IN GUINEA. WOULD ALSO REINFORCE LINKAGE WE WISH ESTABLISH IN GUINEAN MIND BETWEEN WHAT WE ARE PREPARED TO DO TO BE HELPFUL TO THEM AND GUINEAN DECISIONS THAT CAUSE US CONCERN. IN THIS SENSE, REFUSAL TO UP PROGRAM MIGHT STRENGTHEN POSITION OF ANY GUINEAN ELEMENTS CONCERNED OVER EXTENT TO WHICH GUINEA HAS IDENTIFIED ITSELF WITH SOVIETS IN DISREGARD OF ITS INTERESTS IN OTHER COUNTRIES. IT COULD LEAD THEM TO REALIZE THAT WE WANT TO FOCUS PL 480 NEGOTIATIONS IN THE AFRICAN CAPITAL CONCERNED AND THEREBY DISCOURAGE FUTURE MISSIONS OF THIS TYPE TO WASHINGTON. ON THE OTHER HAND, THIS REFUSAL WOULD MEAN

CONFIDENTIAL

PAGE 03 STATE 104251

THAT A DELEGATION HEADED BY A MINISTER IN A POSITION TO INFLUENCE DIRECTLY OUR AGRICULTURAL EDUCATION ASSISTANCE PROGRAM IN GUINEA WOULD RETURN EMPTY HANDED. IT COULD RESULT IN AN EXTREMELY NEGATIVE DESCRIPTION OF OUR ASSISTANCE UNDER PL 480 IN THE MAY NATIONAL PARTY CONGRESS.

B. REFER GUINEANS TO COMMERCIAL MARKET. WHEN WE INFORM

GOG THAT NO RPT NO ADDITIONAL TITLE I COMMODITIES ARE AVAILABLE FOR FY 76, INCLUDING TRANSITIONAL QUARTER, WE COULD SUGGEST THEY CONSIDER A CCC EXPORT CREDIT SALE FOR FY 77 WHICH BEGINS ON OCTOBER 1. (FYI - THE CCC EXPORT CREDIT SALES PROGRAM HAS EXCEEDED THE BUDGET AUTHORIZED BY OMB FOR THE FOUR QUARTERS OF FY 76 AND HAS ABSORBED MUCH OF THE BUDGET ALLOCATED FOR THE TRANSITIONAL QUARTER. THERE IS A REMOTE POSSIBILITY THAT SOME

COUNTRIES MAY NOT MAKE FULL USE OF THE US CREDIT ALREADY ACCORDED THEM, BUT IT IS MORE LIKELY THAT COUNTRIES SUCH AS GUINEA SHOULD APPLY IN AUGUST FOR FINANCING FOR FY 1977 (BEGINNING OCT.1, 1976). CCC EXPORT CREDIT SALES ARE ADVANTAGEOUS TO COUNTRIES WITH SUCH POOR CREDIT RATINGS THAT NORMAL COMMERCIAL TERMS ARE PROHIBITIVELY EXPENSIVE. HOWEVER, AN AMERICAN BANK MUST TAKE AN ACCEPTANCE ON AT LEAST 10 PERCENT OF THE LOAN AND WE DO NOT KNOW AT THIS TIME WHETHER AN AMERICAN BANK WOULD BE WILLING TO DO SO. END FYI.) THE MERIT OF THIS LINE IS THAT IT WOULD BE CONSISTENT WITH OUR POSITION TO DATE BUT WOULD DEMONSTRATE SOME WILLINGNESS TO HELP THE GUINEANS MEET THEIR FOOD DEFICIT THROUGH MEANS THAT IN GUINEAN EYES WILL PROBABLY APPEAR SLIGHTLY MORE ADVANTAGEOUS THAN STRAIGHT COMMERCIAL TERMS. ON THE OTHER HAND, WE WOULD GAIN LITTLE POLITICAL BENEFIT FROM THIS SUGGESTION AND THE DELEGATION WOULD RETURN ESSENTIALLY EMPTY HANDED.

C. OFFER COMMODITIES OTHER THAN RICE. ALTERNATIVELY WE COULD INFORM THE GOG THAT WE HAVE FOUND MODEST AMOUNTS OF COMMODITIES OTHER THAN RICE, E.G. DRIED BEANS OR VEGOIL, TO VALUE OF ABOUT \$500,000 HAVE BECOME AVAILABLE, AND THAT WE ARE PREPARED TO AMEND THE AGREEMENT TO PROVIDE THIS TO GUINEA. THE POSSIBLE MERIT OF THIS COURSE

CONFIDENTIAL

PAGE 04 STATE 104251

IS THAT SOME LEGITIMATE GUINEAN NEEDS WOULD BE MET WITHOUT MATERIALLY LESSENING THE PRESSURE THEY WILL FEEL BECAUSE OF THE RICE SHORTAGE. ON THE OTHER HAND, SUCH A CONCESSION WOULD NOT BE FULLY CONSISTENT WITH THE POSITION WE HAVE TAKEN TO DATE AND WE ARE CONCERNED OVER WHETHER THIS WOULD WEAKEN THE CREDIBILITY OF THE EMBASSY IN CONAKRY. IT WOULD ALSO DO NOTHING TO LESSEN THE GUINEAN BELIEF THAT SPECIAL DELEGATIONS CAN ALWAYS EXTRACT MORE FROM WASHINGTON.

D. PROVIDE INCREASED PL 480 RICE. WE COULD INFORM THE GOG THAT AFTER AN EXAMINATION OF THE INFORMATION PROVIDED BY THE Drame DELEGATION AND A LAST MINUTE SURVEY OF PRESENT TITLE I RICE AVAILABILITY, WE ARE PREPARED TO OFFER AN ADDITIONAL 2,000 METRIC TONS OF RICE IN FY 76/

TRANSITIONAL QUARTER. AVAILABILITY OF ADDITIONAL TITLE I
COULD BE MADE CONTINGENT ON A DETAILED REEXAMINATION OF
GUINEAN NEEDS AT THE END OF JUNE. THE MERIT OF THIS
COURSE IS THAT DELEGATION COULD REPORT PARTIAL SUCCESS,
AND WE COULD BE SEEN AS ACCEDING TO A REASONABLE REQUEST
BY PRESIDENT TOURE. WE MAY ALSO BE STRENGTHENING THE
HANDS OF A FACTION WHICH SEEKS CLOSE COORDINATION WITH
THE US AS AGAINST TILTING TOWARD THE SOVIETS. ON THE
OTHER HAND SUCH AN OFFER WOULD BE CONTRARY TO THE POSITION
YOU HAVE TAKEN IN CONAKRY, AND WE HAVE TAKEN HERE, AND

WOULD UNDOUBTEDLY BE SEEN BY THE GOG AS A CLEAR INDICA-
TION THAT WE ARE UNABLE TO RESIST THE REQUESTS OF SPECIAL
MISSIONS. (IT WOULD ALSO DAMAGE OUR CREDIBILITY WITH
OTHER USG AGENCIES UNLESS WE COULD CLEARLY JUSTIFY THIS
CHANGE IN OUR STRATEGY TO WHICH WE HAVE INSISTED THEY
ADHERE.) MOREOVER, INTERAGENCY APPROVAL OF ADDITIONAL
PL 480 IS UNCERTAIN GIVEN CURRENT BUDGET CONSTRAINTS FOR
REMAINDER OF FY 76 AND TQ. COMMODITIES PROVIDED UNDER
ANY AMENDMENT WOULD HAVE TO BE SHIPPED FROM THE US BY
SEPTEMBER 30.

3. WE WOULD GREATLY APPRECIATE YOUR VIEWS ON THE FORE-
GOING AS SOON AS POSSIBLE. WE BELIEVE THAT YOU ARE IN
THE BEST POSITION TO JUDGE THE EFFECT OF THE ABOVE ON
US/GUINEAN RELATIONS AND ON OUR ABILITY TO INDUCE
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PAGE 05 STATE 104251

GUINEANS TO UNDERSTAND THAT INTERGOVERNMENTAL COOPERATION
MUST BE BASED ON RECOGNITION BY EACH PARTY OF THE
OTHER'S CONCERNS.

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